

Message Text

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ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 AGR-20 COME-00 TRSE-00 FRB-02

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AID-20 IGA-02 IO-14 DRC-01 /105 W

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R 251516Z FEB 74

FM AMEMBASSY BOGOTA

TO SECSTATE WASHDC 1462

INFO AMEMBASSY MEXICO

AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY PANAMA

AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR

AMEMBASSY TEGUCIGALPA

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EO 11652: NA

TAGS: EAGR CO

SUBJ: DISCONTINUATION OF COFFEE INTRODUCTION SERVICE

REF: A. BOGOTA 9948 B. FASTO 01

1. INFO PROVIDED REF B USEFUL IN RECONSTRUCTING BACKGROUND ON DISCONTINUATION OF COFFEE INTRODUCTION SERVICE, WHICH HAS BEEN OPERATED BY USDA AND FINANCED BY AID/W FOR MORE THAN A DECADE. IT DOES NOT EXPLAIN, HOWEVER, WHY THIS DECISION WHICH HAS IMPORTANT POLITICAL AND ECONOMIC IMPLICATIONS FOR LATAM COFFEE PRODUCING COUNTRIES WAS TAKEN APPARENTLY IN A VACUUM WITHOUT CONSULTATION WITH POSTS CONCERNED. IT IS ALSO DIFFICULT TO UNDERSTAND HOW OUT OF A BUDGET WHICH RUNS TO HUNDREDS OF MILLIONS OF DOLLARS AID COULD NOT FIND THE \$35,000 NEEDED TO SUPPORT THIS SERVICE WHICH COULD WELL BE VITAL TO THE MAINTENANCE OF COFFEE EXPORT EARNINGS IN THE FUTURE WHICH PROVIDE THE BASIS FOR ECONOMIC DEVELOPMENT IN MANY OF THESE COUNTRIES.

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2. THE SERIOUSNESS WITH WHICH THE GOC VIEWS THIS MATTER IS REFLECTED BY A NOTE RECEIVED RECENTLY FROM THE FONOFF REQUESTING "AID RECONSIDER THE CONTINUATION OF THESE SERVICES OF SINGULAR IMPORTANCE FOR THE COUNTRY AND FOR THE NORMAL SUPPLY OF COFFEE TO THE U.S." THE NOTE ALSO REFERS TO THE RESOLUTION PASSED LAST NOVEMBER AT THE FAO-LA COFFEE PRODUCERS MEETING IN COSTA RICA URGING "USDA TO CONTINUE COLLABORATING WITH THE AMERICAN COUNTRIES IN THE INTRODUCTION AND QUARANTINE OF GENETIC COFFEE MATERIAL COMING FROM COUNTRIES AFFECTED BY PLAGUES AND DISEASES THAT DO NOT EXIST IN THE REGION."

3. COLOMBIAN COFFEE OFFICIALS HAVE REACTED UNENTHUSIASTICALLY TO SUGGESTION THAT INTERAMERICAN INSTITUTE OF AGRICULTURAL SCIENCES (IICA) FINANCE PROGRAM DUE TO DIFFICULTY OF COLLECTING CONTRIBUTIONS FROM MEMBERS AND SMALL SUM OF MONEY INVOLVED.

4. ALTHOUGH THE COFFEE FEDERATION HAS MOUNTED AN EXTENSIVE CAMPAIGN TO PREVENT COFFEE RUST FROM INVADING COLOMBIA, THERE IS ALSO RECOGNITION THAT RUST WILL INEVITABLY APPEAR IN THE COUNTRY WITH POTENTIALLY SERIOUS CONSEQUENCES FOR THE COFFEE INDUSTRY AND THE ECONOMY. ANY SIZEABLE REDUCTION IN EXPORTABLE SUPPLIES OF COLOMBIAN COFFEE WOULD EXERT UPWARD PRESSURE ON PRICES WHICH ARE ALREADY AT RECORD LEVELS. THE ONLY LONG TERM SOLUTION APPEARS TO BE DEVELOPMENT OF RUST RESISTANT COFFEE STRAINS IN LATAM TO WHICH END THE SERVICES PROVIDED BY THE USDA PLANT QUARANTINE FACILITIES ARE VITAL. WE BELIEVE THAT THIS IS CLEARLY IN BOTH THE US AND LATAM INTEREST.

5. WHILE THE LATAM COUNTRIES COULD EASILY AFFORD THE COST OF THE PROGRAM WE BELIEVE THAT THE US WOULD STAND TO GAIN MUCH GOODWILL BY CONTINUING TO UNDERWRITE THIS SERVICE. THE LATAMS WOULD PARTICULARLY FIND IT HARD TO UNDERSTAND WHY THE US COULD NOT UNDERWRITE A \$35,000 PROGRAM OF FAR-REACHING IMPORTANCE WHEN WE ARE SPENDING MILLIONS IN VARIOUS TYPES OF ASSISTANCE PROGRAMS IN THE HEMISPHERE. ALSO FROM THE PSYCHOLOGICAL STAND-POINT WITH RUST WIDESPREAD IN BRAZIL AND THREATENING THE OTHER COFFEE PRODUCERS THIS WOULD NOT APPEAR TO BE THE TIME TO TERMINATE THE PROGRAM.

6. EMBASSY STRONGLY RECOMMENDS THAT THIS QUESTION BE RE-LIMITED OFFICIAL USE

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EVALUATED IN WASHINGTON AND A DECISION MADE TO CONTINUE US FINANCING OF THE COFFEE INTRODUCTION SERVICE. IF THE ASSUMPTION REGARDING THE INEVITABLE SPREAD OF COFFEE RUST THROUGHOUT LA IS CORRECT THE NEED FOR THESE SERVICES SHOULD CEASE ONCE COFFEE RUST APPEARS IN THE OTHER PRODUCING COUNTRIES.
WHITE

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